

Proposed Objection Deadline: December 27, 2018 at 4:00 p.m. (AST)

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

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In re:	PROMESA
THE FINANCIAL OVERSIGHT AND	Title III
MANAGEMENT BOARD FOR PUERTO RICO,	No. 17 BK 3283-LTS
as representative of	(Jointly Administered)
THE COMMONWEALTH OF PUERTO RICO, et	
al.,	
Debtors. ¹	

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In re:	PROMESA
THE FINANCIAL OVERSIGHT AND	Title III
MANAGEMENT BOARD FOR PUERTO RICO,	No. 17 BK 3284-LTS
as representative of	
THE PUERTO RICO SALES TAX FINANCING	This Urgent Motion relates to the
CORPORATION,	Commonwealth and COFINA and
Debtor.	shall be filed in Case Nos. 17 BK
	3283-LTS and 17 BK 3284-LTS.

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**NOTICE OF URGENT MOTION FOR ENTRY
OF ORDER EXTENDING ELECTION OF DISTRIBUTION
DEADLINE IN CONNECTION WITH THE COFINA PLAN OF ADJUSTMENT**

PLEASE TAKE NOTICE that the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as representative of the Puerto Rico Sales Tax Financing Corporation (“COFINA”) in its Title III Case pursuant to section 315(b) of the *Puerto Rico Oversight, Management, and Economic Stability Act* (“PROMESA”), is filing the annexed

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

Urgent Motion for Entry of Order Extending Election of Distribution Deadline in Connection with the COFINA Plan of Adjustment (the “Urgent Motion”).

PLEASE TAKE FURTHER NOTICE that any responses or objections to the Urgent Motion must be in writing, must conform to the Federal Rules of Bankruptcy Procedure and the *Seventh Amended Notice, Case Management and Administrative Procedures* [Case No. 17-3283, ECF No. 4086-1] (the “Case Management Procedures”), and must be filed with the Court (a) by registered users of the Court’s case filing system, electronically in accordance with Rule 5 of the Local Rules for the District of Puerto Rico, and (b) by all other parties in interest, on a CDROM, in text-searchable portable document format (PDF), and served on (i) counsel for the Oversight Board, Proskauer Rose LLP, Eleven Times Square, New York, New York 10036-8299 (Attn: Martin J. Bienenstock, Esq., Brian S. Rosen, Esq., and Jeffrey W. Levitan, Esq.), and O’Neill & Borges LLC, 250 Muñoz Rivera Ave., Suite 800, San Juan, PR 00918-1813 (Attn: Hermann D. Bauer, Esq.); (ii) counsel for the Puerto Rico Fiscal Agency and Financial Advisory Authority, O’Melveny & Myers LLP, 7 Times Square, New York, New York 10036 (Attn: John J. Rapisardi, Esq., Suzanne Uhland, Esq., and Peter Friedman, Esq.) and Marini Pietrantoni Muñoz LLC, MCS Plaza, Suite 500, 255 Ponce de León Ave., San Juan, Puerto Rico 00917 (Attn: Luis C. Marini-Biaggi, Esq.); and (iii) the Office of the United States Trustee for Region 21, Edificio Ochoa, 500 Tanca Street, Suite 301, San Juan, Puerto Rico 00901-1922, so as to be received no later than **December 27, 2018, at 4:00 p.m. (AST)**.

PLEASE TAKE FURTHER NOTICE that, if necessary, a hearing will be held before the Honorable Laura Taylor Swain, United States District Court Judge, at a time and place to be determined by the Court, to consider the relief sought by the Oversight Board in the Urgent Motion.

PLEASE TAKE FURTHER NOTICE that the relief requested in the Urgent Motion may be granted without a hearing if no objection is timely filed, served, and received in accordance with the Case Management Procedures.

PLEASE TAKE FURTHER NOTICE that copies of the Urgent Motion and all documents filed in these title III cases are available (a) free of charge by visiting <https://cases.primeclerk.com/puertorico> or by calling +1 (844) 822-9231, and (b) on the Court's website at <http://www.prd.uscourts.gov>, subject to the procedures and fees set forth therein.

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Dated: December 26, 2018
San Juan, Puerto Rico

Respectfully submitted,

/s/ Martin J. Bienenstock

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Proposed Objection Deadline: December 27, 2018 at 4:00 p.m. (AST)

**UNITED STATES DISTRICT COURT
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THE PUERTO RICO SALES TAX FINANCING	This Urgent Motion relates to the
CORPORATION,	Commonwealth and COFINA and
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**URGENT MOTION FOR ENTRY OF ORDER
EXTENDING ELECTION OF DISTRIBUTION DEADLINE
IN CONNECTION WITH THE COFINA PLAN OF ADJUSTMENT**

To the Honorable United States District Court Judge Laura Taylor Swain:

The Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as representative of the Puerto Rico Sales Tax Financing Corporation (“COFINA”) in its Title III Case pursuant to section 315(b) of the *Puerto Rico Oversight, Management, and*

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

Economic Stability Act (“PROMESA”),² respectfully submits this urgent motion (the “Urgent Motion”), for entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Proposed Order”), extending by three (3) days, to **6:00 p.m. (Atlantic Standard Time) on January 11, 2019, unless such time is further extended**, the Election Deadline,³ the date by which an election of the form of distribution pursuant to the *Second Amended Title III Plan of Adjustment of Puerto Rico Sales Tax Financing Corporation* [Case No. 17-3284, ECF Nos. 309, 352, 367, 380] (as amended, modified, or supplemented, the “Plan”)⁴ must be made in accordance with the voting procedures in the Disclosure Statement Order. In support of this Urgent Motion, the Oversight Board respectfully represents as follows:

Background

1. On October 19, 2018, the Oversight Board, on behalf of COFINA, filed (i) the Plan, (ii) the *Disclosure Statement for the Title III Plan of Adjustment of the Debts of Puerto Rico Sales Tax Financing Corporation* [Case No. 17-3284, ECF Nos. 310, 353, 368] (as amended, modified, or supplemented, the “Disclosure Statement”),⁵ and (iii) the *Puerto Rico Sales Tax Financing Corporation’s Motion For Order (I) Approving Disclosure Statement, (II) Fixing Voting Record Date, (III) Approving Confirmation Hearing Notice, (IV) Approving Solicitation Packages and Distribution Procedures, (V) Approving Forms of Ballots and Election Notices, and Voting and Election Procedures, (VI) Approving Notice of Non-Voting Status, (VII)*

² PROMESA has been codified in 48 U.S.C. §§ 2101–2241.

³ Capitalized terms used but not defined herein shall have the meanings given to them in the *Order (I) Approving Disclosure Statement, (II) Fixing Voting Record Date, (III) Approving Confirmation Hearing Notice, (IV) Approving Solicitation Packages and Distribution Procedures, (V) Approving Forms of Ballots and Election Notices, and Voting and Election Procedures, (VI) Approving Notice of Non-Voting Status, (VII) Fixing Voting and Election Deadlines, and (VIII) Approving Vote Tabulation Procedures* [Case No. 17-3284, ECF No. 375] (the “Disclosure Statement Order”).

⁴ Additional ECF numbers represent the Amended Plan, Second Amended Plan, and the corrected version of the Second Amended Plan.

⁵ Additional ECF numbers represent the Disclosure Statement for the Amended Plan and the Disclosure Statement for the Second Amended Plan.

Fixing Voting and Election Deadlines, and (VIII) Approving Vote Tabulation Procedures [Case No. 17-3284, ECF No. 307] (the “Disclosure Statement Motion”) requesting entry of the Disclosure Statement Order, approving the Disclosure Statement and establishing, among other things, solicitation and voting procedures in connection with the Plan.

2. Besides the solicitation of acceptances and rejections to the Plan, the Plan permits certain claimholders to make elections regarding various forms of distribution to be received. Specifically, a holder of Claims in Class 1 (Senior COFINA Bond Claims) or Class 5 (Junior COFINA Bond Claims) that is a Puerto Rico Investor or a Puerto Rico Institution (both as defined in the Plan) is entitled to elect to be treated under Class 4 (Senior COFINA Bond Claims (Taxable Election)) or Class 7 (Junior COFINA Bond Claims (Taxable Election)), respectively, and, accordingly, to receive a distribution comprised of taxable COFINA Bonds (plus other consideration), instead of a distribution comprised of taxable and tax-exempt COFINA Bonds that would otherwise be received. Further, a beneficial holder of Claims in Class 2 (Senior COFINA Bond Claims (Ambac)) or Class 3 (Senior COFINA Bond Claims (National)) is entitled to elect whether (i) to receive the Senior COFINA Bond Distribution in addition to the Ambac Insurance Contribution or National Insurance Contribution (both as defined in the Plan), as applicable, in exchange for commuting the applicable insurance policy or (ii) to receive the Ambac Certificates or the National Certificates, as applicable.

3. On November 29, 2018, the Court entered the Disclosure Statement Order, which, among other things, established the Election Deadline as “6:00 p.m. (Atlantic Standard Time) on January 8, 2019, unless such time is extended.” Disclosure Statement Order ¶ 24 (emphasis supplied).

4. On December 6, 2018, and in accordance with the Disclosure Statement Order, COFINA's Balloting Agent served solicitation packages. *See Certificate of Service of Solicitation Materials* [Case No. 17-3284, ECF No. 387]. Certain claimholders have submitted ballots and made elections of distribution in accordance with the Plan.

5. Notwithstanding that certain COFINA creditors have made their elections of distribution through ATOP, due to the Puerto Rico holiday season, it is possible that many creditors will not be able to complete the process until after Three Kings Day on January 6, 2019, a mere two (2) days prior to the current Election Deadline.

Extension of the Election Deadline Benefits All Parties in Interest

6. Decisions regarding the form of distribution to be received are important to the solicitation process and multiple parties. Whether to receive COFINA Bonds and accept commutation of insurance policies is critical to not only holders of insured claims, but also to the monoline insurers. Consequently, parties should be provided maximum opportunity to make such decisions.

7. Additionally, while the Oversight Board asserts that all COFINA Bonds should be issued as tax-exempt, there is no assurance that the Internal Revenue Service ("IRS") will agree with that position. Accordingly, based upon the federal tax exemption available to Puerto Rico Investors and Puerto Rico Institutions and enhanced distributions available to such parties, it is important that all Puerto Rico Investors and Puerto Rico Institutions that hold Claims in Class 1 or Class 5 have the greatest opportunity to elect to receive a taxable distribution and be treated under Class 4 or Class 7, respectively. By maximizing the amount of taxable elections, COFINA can minimize the prejudice to claimholders as a whole in the event that the IRS issues an

unfavorable ruling regarding the issuance of tax-exempt COFINA Bonds, because the taxable COFINA Bonds will be primarily held by investors that are not subject to federal income tax.

8. To facilitate that effort and to ensure that all claimholders entitled to make an election are provided sufficient time to make an informed decision, the Oversight Board submits it is appropriate to extend the Election Deadline by three (3) days, until January 11, 2019. Such limited extension will provide for a post-holiday determination and election of distributions through ATOP and, yet, allow the Balloting Agent to complete the necessary tabulation prior to the hearing to consider confirmation of the Plan.

9. It should be noted that the Oversight Board is not seeking an extension of the Voting Deadline. Many ballots have already been submitted and, based upon the terms of the A&R PSA, parties have committed to vote in favor of the Plan in numbers and amounts supporting confirmation of the Plan.

10. Given the relief sought herein unquestionably benefits all parties in interest and is in furtherance of claimholders' due process rights, the Oversight Board submits that a very limited objection period is warranted. A short objection period is further warranted by the need to provide adequate notice of the Election Deadline extension to claimholders. As such, the objection deadline in connection with this Urgent Motion has been noticed as December 27, 2018 at 4:00 p.m. (Atlantic Standard Time). If this Urgent Motion is approved, immediately upon entry of the Proposed Order attached hereto as **Exhibit A**, a notice of Election Deadline extension will be distributed through DTC to claimholders entitled to make an election. The Oversight Board is hopeful that, in the event this Urgent Motion is approved, the notice of Election Deadline extension will be distributed through DTC on December 28, 2018.

11. Accordingly, the Oversight Board submits that the Court should enter the Proposed Order, extending the Election Deadline in the voting procedures in connection with the Plan by three (3) days to 6:00 p.m. (Atlantic Standard Time) on January 11, 2019, unless such time is further extended.

12. Pursuant to Paragraph I.H of the Case Management Procedures, the Oversight Board hereby certifies that (i) it has carefully examined the matter and concluded that there is a true need for an urgent motion, (ii) it has not created the urgency through any lack of due diligence, (iii) it has made a bona fide effort to resolve the matter without a hearing, and (iv) it has made reasonable, good-faith communications in an effort to resolve or narrow the issues that are being brought to the Court.

Notice

13. The Oversight Board has provided notice of this Urgent Motion to: (a) the Office of the United States Trustee for the District of Puerto Rico; (b) the indenture trustees and/or agents, as applicable, for COFINA's bonds; (c) the entities on the list of creditors holding the 20 largest unsecured claims against COFINA; (d) the statutory committees appointed in any of the Title III Cases; (e) the Office of the United States Attorney for the District of Puerto Rico; (f) counsel to the Puerto Rico Fiscal Agency and Financial Advisory Authority; (g) the Puerto Rico Department of Justice; and (h) all parties requesting notice pursuant to Bankruptcy Rule 2002. The Oversight Board submits that, in light of the nature of the relief requested, no other or further notice need be given.

No Prior Request

14. No prior request for the relief sought in this Urgent Motion has been made to this or any other court.

WHEREFORE the Oversight Board respectfully requests the Court to enter an order, substantially in the form attached hereto as **Exhibit A**, (a) granting this Urgent Motion, and (b) granting the COFINA such other relief as is just and proper.

Dated: December 26, 2018
San Juan, Puerto Rico

Respectfully submitted,

/s/ Martin J. Bienenstock

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*Co-Attorneys for the Financial
Oversight and Management Board
as representative for COFINA*

Exhibit A

Proposed Order

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

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In re: THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO, as representative of THE COMMONWEALTH OF PUERTO RICO, et al., Debtors. ¹	PROMESA Title III No. 17 BK 3283-LTS (Jointly Administered)
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In re: THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO, as representative of THE PUERTO RICO SALES TAX FINANCING CORPORATION, Debtor.	PROMESA Title III No. 17 BK 3284-LTS This Order relates to the Commonwealth and COFINA and shall be filed in Case Nos. 17 BK 3283-LTS and 17 BK 3284-LTS.
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**ORDER GRANTING URGENT MOTION FOR
ENTRY OF ORDER EXTENDING ELECTION OF DISTRIBUTION
DEADLINE IN CONNECTION WITH THE COFINA PLAN OF ADJUSTMENT**

Upon the *Urgent Motion for Entry of Order Extending Election of Distribution Deadline in Connection with the COFINA Plan of Adjustment* (the “Urgent Motion”);² and the Court having found it has subject matter jurisdiction over this matter pursuant to PROMESA section

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

² Capitalized terms used but not otherwise defined herein have the meanings given to them in the Urgent Motion.

306(a); and it appearing that venue is proper pursuant to PROMESA section 307(a); and the Court having found that the relief requested in the Urgent Motion is in the best interests of COFINA, its creditors, and other parties in interest, it is **HEREBY ORDERED THAT:**

1. The Urgent Motion is granted as set forth herein.
2. The Election Deadline originally established in the Disclosure Statement Order by which an election of the form of distribution under the Plan must be executed, completed, and delivered to the Nominee in accordance with the instructions under the applicable Election Notice so as to be effectuated through ATOP in accordance with the procedures of DTB is hereby extended by three (3) days to **6:00 p.m. (Atlantic Standard Time) on January 11, 2019, unless such time is further extended**, subject to the same provisos included in paragraph 24 of the Disclosure Statement Order.
3. The Debtor is authorized to distribute a notice of Election Deadline extension to Beneficial Owners through DTC as soon as practicable under the circumstances following entry of this Order, which notice to Beneficial Owners is hereby deemed good and sufficient, and no other or further notice need be provided.
4. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

SO ORDERED.

Dated: December ____, 2018
San Juan, Puerto Rico

LAURA TAYLOR SWAIN
United States District Judge